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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: July 16, 2007

Bank Bawag Trial Starts Today

1. All Austrian media give prominent coverage to the major civil trial, which is set to begin in a Vienna court today. Nine people are facing charges of breach of trust, fraud and false accounting in connection with speculation losses incurred by the formerly union-owned bank Bawag. Those on trial include the bank's former CEO Helmut Elsner, investment banker Helmut Floettl, as well as other bank officials. Verdicts are expected to be handed down at the end of October.

All Austrian media give extensive coverage to the trial of former bank Bawag officials, underway in Vienna as of today. According to centrist daily Die Presse, the "most flamboyant" of the nine defendants is former investment banker Wolfgang Floettl. The daily describes the "son of a former Bawag Director General" as a "man who first captured the American financial world, and then ran aground" the bank's so-called "Caribbean deals." Helmut Elsner, one of Floettl's co-defendants, who has "exchanged the golf course for the court room," led the Bawag to "near-bankruptcy" as its CEO, according to the Presse. Mass-circulation provincial daily Kleine Zeitung says the case is the "trial of the year," and mass-circulation daily Kurier expects a "record-breaking trial."

Coalition Dispute over Child Benefit Payments

2. Speaking on Austrian television, Minister for Women's Issues Doris Bures from the Social Democratic Party said she has no understanding for what she describes as OeVP Family Minister Andrea Kdolsky's "botched job" on childcare benefit payments. Bures underscored that the former OeVP-FPOe government had been made aware at the introduction of the child benefit regulations in 2000 that there were concerns over the constitutionality of the law. Speaking on ORF TV's Sunday morning program Meet the Press, Minister for Women's Issues Doris Bures urged her OeVP colleague, Family and Health Minister Andrea Kdolsky, not to insist that child benefit payments be returned by families exceeding the income limit. She had "no understanding for Kdolsky's comments along the lines of 'no child is going to starve,'" Bures underscored. The SPOe Minister also suggested Kdolsky should "show greater sensitivity" on the issue. The Family Minister had recently referred to a "dramatization of starving children," Austrian media explain. Bures emphasized that she rejected what she describes as Kdolsky's "botched job," and said she is currently having the constitutionality of the child benefit payment laws checked. Families have been "deceived," she complained, and argued that the "problem must not be taken out on the mothers and women."

Interview with Ambassador McCaw

13. In a PAS-facilitated interview with a mass-circulation daily, US Ambassador to Austria Susan McCaw explained the reasons for why she has chosen to end her ambassadorial assignment by the end of this year. The US Ambassador, who has "acquired an excellent reputation during her time in Vienna," the daily says, is going to return early to the United States for personal reasons: "Professionally, my experience in Vienna has been fantastic. But on the personal front, it's my family that counts," Ambassador McCaw told the daily's foreign editor.

In a PAS-facilitated interview published on July 15 with mass-circulation daily Kurier, US Ambassador to Austria Susan McCaw explained her decision to end her assignment early and in favor of her family. The Ambassador underscored how "fantastic" her experience in Austria has been, but added that she feels her decision was "the right one." A marriage, she explained, is a "series of compromises," and "a partnership that needs balance." Her husband, Craig McCaw, has "supported me a lot during my time here." However, it has "not been easy, particularly because of the time difference, which makes communication more difficult." Personally, the Ambassador said, she would "love to stay" in Austria. She will "always remember the experience, it was very rewarding -- for my family as well." Ambassador McCaw pointed out that many women, who are managing families and jobs, are faced with a similar challenge: "Many women are like swans: Their heads are above the water, but under water their feet are paddling vigorously," she said. Discussing her ambassadorship, Mrs. McCaw suggested the system of political appointees has a lot of advantages, because "we have access to the White House." President Bush "listens, just as Secretary of State Rice does. Americans do not always listen to

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others. Here in Austria, I'm not only the mouth and the eyes of the President, I'm also his ears, and I report back to Washington what I hear." Austrians, Ambassador McCaw concluded, "tend to underestimate themselves, I think. They could play a much greater role."

North Korea Shuts Down Reactor

14. Inspectors from the International Atomic Energy Agency IAEA have verified the shutdown of North Korea's key reactor, the head of the UN agency, Mohamed El-Baradei, has confirmed. The process was going well and North Korea was cooperating, El-Baradei told journalists, stressing that it was "a good step in the right direction." North Korea announced on Saturday that it had shut down the Yongbyon reactor - the first stage in disabling its nuclear program. The IAEA chief said that the next step was to verify the shutdown of other nuclear facilities and then disable them, something he warned would be "a complicated process."

Like all Austrian media reporting on the issue, independent provincial daily Salzburger Nachrichten says North Korea's move to shut down its nuclear reactor at Pyongyang is a "first step." The "years of that tug-of-war over North Korea's atomic weapons program may finally be over," the daily suggests, and adds that Pyongyang's latest decision in the dispute over its nuclear ambitions is "a diplomatic success for US President George Bush."

Russia Suspends Arms Control Pact

15. Russian President Vladimir Putin has suspended the application of the Conventional Forces in Europe Treaty (CFE), a key Cold War arms control agreement. The 1990 CFE limits the number of heavy weapons deployed between the Atlantic Ocean and the Urals mountains. President Putin signed a decree citing "exceptional circumstances" affecting security as the reason for his move, but a more likely reason is that Russia has been angered by US plans to base parts of a missile defense system in Poland and the Czech Republic, Austrian media explain. The Russian suspension will become effective 150 days after other parties to the treaty have been notified. Reporting on Russian President Vladimir Putin's announcement that he has suspended the application of the Conventional Forces in Europe Treaty (CFE), liberal daily Der Standard headlines "NATO: Russia has made a 'step in the wrong direction.'" The Atlantic Alliance, the

European Union and the United States have reacted with concern and disappointment to Moscow's decision to withdraw from the CFE treaty. The spokesperson for the White House National Security Council, Gordon Johndroe, emphasized that despite Putin's move the United States would "continue to have discussions with Russia in the coming months" on how to proceed. Likewise, centrist daily Die Presse says that Washington "expressed its regret, but remains tough" on its plans to base parts of a missile defense system in a number of eastern European countries. Mass-circulation tabloid Kronen Zeitung in a headline meanwhile suggests that the Russian President, "alternating between behaving like a cuddly and a very grumpy bear," is "playing a game of cat and mouse with Bush."

Kilner